

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
)
Business Meeting)
)
_____)

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, JANUARY 19, 2005

10:12 A.M.

Reported by:
Peter Petty
Contract No. 150-04-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

William J. Keese, Chairman

Arthur Rosenfeld

James D. Boyd

John L. Geesman

Jackalyne Pfannenstiel

STAFF PRESENT

Robert Therkelsen, Executive Director

William Chamberlain, Chief Counsel

Betty McCann, Secretariat

Lance Shaw

Tony Brasil

Gabriel Herrera

Al Alvarado

Jim Woodward

Adel Suleiman

Susan Brown

John Eash

Dora Yen-Nakafuji

Martha Krebs

PUBLIC ADVISER

Margret Kim

ALSO PRESENT

Mark Johnson
Golden Sierra Power, Inc.

Joseph McCabe
Energy Ideas, LLC
NexTek Power Systems

Raul "Bernie" Orozco
Semptra Energy

Ken Parks
San Diego Gas and Electric Company
Semptra Energy

Kurt Johnson
PowerLight

Robert Sarvey
(via teleconference)

Jandy

Kari Smith
PowerLight

Gord Petroski
Fronius

Les Guliassi
Pacific Gas and Electric Company

Gregory S. G. Klatt, Attorney
Douglass & Liddell
on behalf of Alliance for Retail Energy Markets

John A. McKinsey, Attorney
Stoel Rives, LLP

Issa Ajalony
(via teleconference)

I N D E X

	Page
Proceedings	1
Items	1
1 Consent Calendar	2
2 Walnut Energy Center	3
3 Emerging Renewables Program	5
4 Forms and Instructions for the Electricity Resources and Bulk Transmission Data Submittal	48
5 2005 Integrated Energy Policy Report	69
6 City of Palm Desert	71
7 Center for Clean Air Policy	72
8 Building Media, Inc.	74
9 California Wind Energy Collaborative	76
10 El Segundo Power II LLC Redevelopment Project	79
11 Minutes	90
12 Commission Committee and Oversight	91
13 Chief Counsel's Report	91
14 Executive Director's Report	91
15 Legislative Director's Report	94
16 Public Adviser's Report	94
17 Public Comment	94
I. Ajalony	94
Adjournment	101
Certificate of Reporter	102

1 P R O C E E D I N G S

2 10:12 a.m.

3 CHAIRMAN KEESE: We'll call this meeting
4 of the Energy Commission to order and we'll recite
5 the Pledge.

6 (Whereupon the Pledge of Allegiance was
7 recited in unison.)

8 CHAIRMAN KEESE: Thank you, A couple of
9 notes here as we get started. As many of you are
10 probably aware, Manuel Alvarez had a heart attack
11 two days ago, and is undergoing an angiogram as we
12 speak. So, we may hear a report later.

13 On the issue of tsunami relief, if you
14 are interested in that issue there is a very
15 interesting note on our intranet about a very
16 beneficial way of participating in it, authored by
17 Commissioner Rosenfeld.

18 Art, would you like to mention something
19 about this?

20 COMMISSIONER ROSENFELD: Thanks. I
21 would ask you to look at the intranet site. There
22 is a small company which came out of Lawrence
23 Berkeley Lab, which purifies drinking water with
24 40 watts of ultraviolet light, will yield enough
25 water, 10 tons a day, for refugee camps. And

1 eventually for villages.

2 It's pretty cheap. A \$1 donation
3 leveraged today with International Finance
4 Corporation money, \$100 will provide clean
5 drinking water in refugee camps for 80 people.
6 And after the refugee camps are dismantled if it's
7 put down in villages it will move down there. And
8 it's 80 people with safe drinking water basically
9 forever for \$100.

10 So take a look at our intranet site.

11 Thank you. Bob, --

12 MR. THERKELSEN: Mr. Chairman, the
13 intranet site is not available or accessible to
14 people on the outside. That's only internal.
15 What we'll do is go ahead and post it on our
16 website so if people are interested they can see
17 it there, as well.

18 COMMISSIONER ROSENFELD: Hey, great,
19 thank you, sir.

20 MR. THERKELSEN: I thought you maybe did
21 that intentionally.

22 CHAIRMAN KEESE: Thank you, Mr.
23 Therkelsen.

24 Consent calendar.

25 COMMISSIONER ROSENFELD: I move the

1 consent calendar.

2 COMMISSIONER GEESMAN: Second.

3 CHAIRMAN KEESE: Motion, Rosenfeld.

4 Second, Geesman.

5 All in favor?

6 (Ayes.)

7 CHAIRMAN KEESE: Opposed? Adopted five
8 to nothing.

9 Item 2, Walnut Energy Center. Possible
10 approval of a petition to modify the use of the
11 interim water supply from potable to lower quality
12 well water, and to use potable water for limited
13 construction activities instead of lower quality
14 groundwater.

15 MR. SHAW: Good morning, Commissioners
16 and audience. I'm Lance Shaw. Walnut Energy
17 Center is a 250 megawatt, natural gas fired,
18 combined cycle plant in the City of Turlock. It
19 is owned and operated by Walnut Energy Center
20 Authority.

21 It was certified on February 18, 2004.
22 Currently under construction, and it is
23 approximately 33 percent complete. Commercial
24 operation is planned for November 2005.

25 On September 3, 2004, the Energy

1 Commission received a petition concerning the
2 Walnut Energy Center requesting to replace potable
3 water from the City of Turlock with lower quality
4 groundwater for plant operational use.

5 That water is to be used for
6 approximately one year from commercial operation
7 until the water is available from the wastewater
8 treatment facility. The water is also to be used
9 for emergency backup.

10 This requires the drilling of two wells
11 to supply the lower quality groundwater.

12 The use of Turlock potable water is also
13 requested in the petition for limited construction
14 purposes, including hydrostatic testing.

15 Staff's analysis: Changing from potable
16 water to lower quality groundwater is a preferred
17 option. There may be some well drawdowns of
18 nearby wells, but this potential drawdown will be
19 offset by groundwater recharging derived from
20 ongoing agricultural surface water deliveries by
21 Turlock Irrigation District to nearby agricultural
22 use.

23 The limited potable water for specific
24 construction purposes would not have a significant
25 impact.

1 Public process: Notice of receipt and
2 staff analysis were mailed on December 24th to
3 interested agencies, post-certification mailing
4 list and to nearby well owners. No comments have
5 been received to date.

6 Conclusion: Staff concludes that all
7 the necessary findings pursuant to section 1769(a)
8 of our regulations can be met. Staff recommends
9 that the Commission approve the project
10 modification and the associated revisions to
11 condition of certification soils and water-5.

12 CHAIRMAN KEESE: Thank you. Any
13 comments? Any public comment?

14 COMMISSIONER GEESMAN: I'd move the
15 staff recommendation.

16 CHAIRMAN KEESE: Motion, Geesman.

17 COMMISSIONER BOYD: Second.

18 CHAIRMAN KEESE: Second, Boyd.

19 All in favor?

20 (Ayes.)

21 CHAIRMAN KEESE: Opposed? Adopted five
22 to nothing.

23 MR. SHAW: Thank you.

24 CHAIRMAN KEESE: Thank you, sir.

25 Item 3, Emerging Renewables Program.

1 Possible adoption of substantive changes to the
2 guidebook for the emerging renewables program.
3 Notable changes include guidelines for
4 implementing the \$10 million pilot performance-
5 based incentive program; an additional test
6 protocol for eligible inverters; and the
7 elimination of time extensions.

8 I do note, for staff's benefit, that
9 we're giving you five minutes on this. I have
10 three members of the audience and two people on
11 the phone who wish to comment on it.

12 Is this the one on which we received
13 proposed amendments from PowerLight? I'm sorry,
14 there were just --

15 MR. BRASIL: Yes, it is.

16 CHAIRMAN KEESE: You have those?

17 MR. BRASIL: I received a copy; have not
18 actually got through them yet.

19 CHAIRMAN KEESE: Okay.

20 MR. BRASIL: Okay.

21 CHAIRMAN KEESE: Let's go.

22 MR. BRASIL: Good morning, Commissioners
23 and Chairman. My name is Tony Brasil; I am the
24 supervisor for the emerging renewables program.

25 Before you were have two documents, the

1 proposed emerging renewables program guidebook and
2 the supporting Committee decision document on the
3 pilot performance-based incentive program.

4 As you identified, the proposed
5 guidebook contains three primary elements, the
6 most significant of which is a \$10 million pilot-
7 based incentive program, the test protocol for the
8 inverters and the time extension elimination, as
9 well as relaxing the requirements for existing
10 applicants to meet the time extension requirements
11 subject to the guidelines under which they were
12 approved previously.

13 Other changes include basic changes to
14 the application forms, some additional examples
15 for customer information. And I would like to add
16 that on the application forms we did note some
17 discrepancies in the instructions on the forms and
18 the draft guidelines that would suggest that we
19 would revise those forms to not change any of the
20 content, but simply to make them easier to
21 understand and fill out.

22 We did hold two workshops on the
23 proposed pilot performance-based incentive
24 program. The first one was a staff workshop on a
25 strawman proposal, and the second was a Committee

1 workshop on December 1st. Also on December 1st
2 the Committee workshop addressed the proposed
3 other guidebook changes that change the standard
4 program.

5 We did receive a docketed item from a
6 person named Jandy. I understand she's on the
7 phone. So I do have here comments here; I can
8 summarize her points. But if she's on the phone
9 then I would leave it to her.

10 CHAIRMAN KEESE: We'll hear from the
11 members who are in the audience first, and then
12 we'll hear from her. You can respond at that
13 time.

14 MR. BRASIL: Okay. And with that, then
15 we're here to answer any questions and are
16 proposing to adopt the guidelines as presented.

17 CHAIRMAN KEESE: Okay. Any
18 Commissioners wish to speak before we hear from
19 the audience?

20 COMMISSIONER PFANNENSTIEL: Not before.

21 CHAIRMAN KEESE: All right. Why don't
22 we hear from Mark Johnson.

23 MR. JOHNSON: Good morning,
24 Commissioners. My name is Mark Johnson; I'm with
25 Golden Sierra Power.

1 The CEC noted in the Committee decisions
2 on pilot performance-based incentive programs
3 released on January 3rd by the California Energy
4 Commission that on page 3, paragraph 3, the report
5 references systems not performing to expectations.

6 There seemed to be some changing in the
7 wording, but essentially the communique to me was
8 that these systems are, across the board, not
9 performing to the standards set out.

10 But the bottomline is that the systems
11 in California that are provided incentives on a
12 PTC standard are not designed to allow the
13 inverter to run at capacity, thus creating a lack
14 of performance in the systems.

15 Since applying for a rule change last
16 summer regarding incentives being capped at the
17 inverter nameplate rating instead of the required
18 PTC power needed to run the inverters to capacity,
19 Golden Sierra Power has been able to work with the
20 energy efficiency program that would have secured
21 a loan based on a 70 kW AC system that required
22 83.3 kW and PTC power to run at full capacity.

23 These calculations were reviewed by CEC
24 Staff and a standard production was accepted.

25 Since this is the only recognized

1 financial program available that is based on
2 kilowatt hours performance production, this would
3 have allowed this system to meet a kWh production
4 standards provided by the National and Renewable
5 Energy Laboratories.

6 This has also allowed the SGIP to have
7 provided a rebate based on 83.3 kW and PTC power
8 while only producing a 70 kW AC through the
9 inverters.

10 Two weeks ago the El Dorado County
11 Irrigation District awarded Shell Solar a project
12 to build and design, an 875 kW AC system for \$5.5
13 million. Unfortunately, El Dorado Irrigation
14 District realized after awarding the project that
15 the size of the system being proposed would not
16 generate the kWh being required.

17 Today I just left the board meeting with
18 the El Dorado Irrigation District, and they are
19 requiring Shell to increase the size of STC
20 wattage by 16.5 percent which equates to roughly
21 \$450,000, which will increase the cost to Shell.

22 With more and more independent analysis
23 being provided which is determining that one of
24 the reasons the systems are not performing to the
25 nameplate rating of the inverter is simply a

1 shortage of power being supplied.

2 As long as the Energy Commission is
3 setting the standards on how they pay incentives
4 for these programs you will continue to see a
5 shortage in production capabilities in solar
6 systems built in California. Not based on
7 anything else but a flaw that has been created by
8 the CEC and large corporations that created this
9 mechanism.

10 Hopefully agencies like EID will
11 recognize this issue and demand the industry build
12 systems to allow for production of full capacity
13 no matter what the CEC equates the value of the
14 incentives today or tomorrow.

15 Thank you very much.

16 CHAIRMAN KEESE: Thank you. Does staff
17 have a comment on --

18 MR. BRASIL: My best understanding is
19 that Mr. Johnson's concern is that the incentive
20 is paid on the kilowatt, or the peak power
21 production capability of the system, which is
22 physically limited by the capability of the
23 inverters.

24 There are shortcomings to that approach
25 in that it does not reflect energy production of a

1 given system that might have the same peak rating.
2 In part, that is the basis and a large part of the
3 reason for proposing the pilot based incentive
4 program, is to actually pay on what systems
5 produce any energy over a three-year period, in
6 this case. But to learn more; to see if that's a
7 better way to ultimately implement the incentive
8 program.

9 So, in part, this pilot program will
10 lead to more information and would address that
11 particular concern for a given project that could
12 quality.

13 CHAIRMAN KEESE: Thank you. Joe McCabe.

14 MR. McCABE: Morning. Thank you for the
15 opportunity to talk to you today.

16 CHAIRMAN KEESE: Identify yourself for
17 the record, please.

18 MR. McCABE: I'm sorry. Joseph McCabe
19 on behalf of NexTek Power Systems. And I was
20 about to mention that, so --

21 CHAIRMAN KEESE: Thank you.

22 MR. McCABE: -- thank you for the
23 opportunity to talk today regarding the emerging
24 renewable program agenda item.

25 My name is Joe McCabe. In the recent

1 past, for three and a half years, I helped run the
2 PIER research and development for solar here at
3 the Commission. Today I'm representing the
4 interests of NexTek Power Systems.

5 Also, thank you for your continued
6 support of the emerging renewable program, which
7 has helped, and continues to help, the U.S.
8 photovoltaic industry. And thank you for all the
9 work that has gone into the performance-based
10 initiatives. We applaud your efforts.

11 I'd also like to thank you for the
12 approval in 2004 of the NexTek NPS-1000 system.
13 And for including it on the list of eligible
14 inverters on the CEC website.

15 As you might know, the NexTek system
16 directly couples the output from photovoltaic
17 modules to fluorescent lighting, and now motor
18 controllers, and takes additional power, only when
19 needed, from the grid.

20 The guidebook being adopted today
21 provides the state with more realistic
22 expectations from inverters, a component and
23 systems that provide alternating current.

24 The grid-connected NexTek system always
25 uses 100 percent of the solar PV power produced,

1 and therefore inversion is not needed. Using all
2 of the PV energy in its native DC form increases
3 system efficiency and reduces peak grid use while
4 eliminating utilities' concerns with islanding,
5 net metering and other power quality issues.

6 We would like to understand more clearly
7 how this technology fits in the new guidelines,
8 and assure its place in new lists of eligible
9 equipment. That's possibly a question for the
10 program.

11 Maybe I'll continue and then -- NexTek
12 would like to work with the CEC to determine a
13 means to effectively validate systems like these
14 that meet all the criteria for acceptance, but do
15 not need to invert.

16 In addition, we'd like to recommend that
17 the CEC evaluate performance incentives that
18 acknowledge DC kilowatt hours produced and avoided
19 grid use. This would open the door for California
20 ratepayers and the utilities that serve them to
21 systems that meet the intent of the CEC incentive
22 program in innovative, sometimes more efficient
23 ways.

24 And if you have any questions I'll be
25 happy to try to answer them at this time.

1 CHAIRMAN KEESE: Okay. My question is
2 are you looking for an answer to your question
3 while you're standing there?

4 MR. McCABE: Not necessarily, but just
5 to acknowledge that there are some PV systems that
6 produce only DC and are currently eligible. And
7 we would like to maintain that eligibility.

8 CHAIRMAN KEESE: Okay, thank you.
9 Staff.

10 MR. BRASIL: Regarding the NexTek
11 system, we do have one on our list currently, and
12 we haven't proposed any changes to the language
13 that would change that.

14 And then regarding the value of the DC
15 in the future, I think that would require further
16 study before establishing that. And I guess, if I
17 may ask the question, is are you proposing to look
18 at the DC energy produced as an aspect to the
19 performance payment program, or just to the extent
20 of the rebate program?

21 MR. McCABE: Possibly, I understand you
22 have a pilot going and we don't want to rock the
23 boat too much. But just consider it for the value
24 that it provides the investor-owned utilities and
25 their ratepayers.

1 CHAIRMAN KEESE: I'm sure the staff and
2 Committee will.

3 MR. McCABE: Great, thank you very much.

4 CHAIRMAN KEESE: Thank you. Bernie
5 Orozco.

6 MR. OROZCO: Good morning, Mr. Chair,
7 Members. Bernie Orozco with Sempra Energy on
8 behalf of Sempra Energy Utilities.

9 We, on December 3rd, filed comments with
10 the Commission on a concern that we had regarding
11 the notification for interconnection. This is a
12 major concern for us. It deals with staff safety,
13 knowing who is connecting where; and making sure
14 that our staff are aware, when they go out on the
15 line, that there is no incident or accident.

16 We originally filed those comments. We
17 were pleased with the earlier draft of the report.
18 But in the most recent draft we saw that the
19 language was softened on this notification
20 requirement.

21 And I have today with me Ken Parks, who
22 operates and runs our Sempra Energy Utilities net
23 energy metering program, to speak about how the
24 language now raises concerns for our staff safety.
25 And I'd like to ask him to come up and explain

1 kind of our concerns.

2 CHAIRMAN KEESE: Thank you.

3 MR. PARKS: Good morning; my name is Ken
4 Parks. I'm with San Diego Gas and Electric
5 Company. I manage the net metering program for
6 San Diego Gas and Electric.

7 When you look on page 23 in section 6 of
8 the new handbook language, as Bernie has referred
9 to, it kind of softened the language a little bit
10 about paying back the incentive program before a
11 letter of authorization from the utility to
12 operate in parallel.

13 And we have found many systems in
14 previous months back, about 18, 12 months back,
15 where systems were actually operating without the
16 utility being aware of the operation.

17 It's a great concern of our because of
18 the safety of our employees. Normally the way we
19 can find a system like that, the electric bill has
20 reduced significantly to almost a negative. So we
21 do some research to find out why their electric
22 bill has decreased so much. And when we did the
23 investigation we find out there's a photovoltaic
24 system that is installed without our knowing.

25 What happens is the system is feeding

1 back to the grid, and our linemen and our
2 personnel that are out there working, we have
3 facility maps, which each transformer is labeled
4 where a customer can be feeding back to the grid.
5 That labeling is not done because we're not aware
6 of it going on.

7 So if a troubleman's out there
8 troubleshooting the job in the daytime and the
9 system's feeding back, there's a potential of
10 property damage, or actually loss of life. So
11 it's a really great concern of ours.

12 We go through great strides to insure
13 within our service territory that once all the
14 paperwork is completed to authorize them to
15 operate within two to three working days after we
16 get notifications from the jurisdictions, the city
17 or the county, that it has been inspected and
18 approved by the National Electrical Code.

19 So we'd really prefer if you'd consider
20 just maybe strengthen up the language a little bit
21 where the utility has a little bit more control
22 where the system is installed. And after it meets
23 the NEC code, and actually meets San Diego Gas and
24 Electric standards, then we will authorize them.

25 And we've gone to the great strides even

1 to fax the authorization letters to the
2 contractors so they can go ahead and apply back to
3 the CEC for their rebate money.

4 And that's our position.

5 CHAIRMAN KEESE: Thank you.

6 MR. PARKS: Thank you.

7 CHAIRMAN KEESE: Staff. Bernie, did you
8 want to -- hang on. Yeah. Staff, do you have
9 anything --

10 MR. BRASIL: Just to reiterate, the
11 initial staff proposal contained language that
12 Bernie referenced that would require the applicant
13 to submit this letter of authorization to the
14 Energy Commission before payment would be made.

15 But they could turn in their payment
16 request along with their permit before getting
17 that letter of authorization. So that was the
18 language that was then removed back to status quo.

19 So the current proposed language is
20 simply that we would get the utility
21 interconnection application that the customer
22 would then submit to the utility. And then we
23 would pay the rebate based on that. And it's
24 still required that the customer provide us the
25 letter of authorization, but it would likely occur

1 after the payment was made.

2 Part of the reason to have the language
3 as proposed is that the customer's already
4 required to interconnect their system whether or
5 not they get a rebate. So we wouldn't necessarily
6 be changing that in that regard.

7 Also, this is --

8 CHAIRMAN KEESE: So you're indicating
9 that it's already a responsibility of the customer
10 to communicate with the utility?

11 MR. BRASIL: It is.

12 CHAIRMAN KEESE: And I guess the utility
13 is telling us that that doesn't occur, is that --

14 MR. PARKS: Yes. What happens is
15 there's a window there where the customer has
16 applied, actually, you know, sent their
17 application in for an interconnection agreement
18 and signed the agreement with us. But it sits in
19 the queue until the city notifies us or the county
20 notifies us that it's been approved for
21 interconnection, you know, as far as the NEC code.

22 So, there may be months where it's
23 sitting in the queue where it could be operating
24 without us knowing that it's operating.

25 So the letter of authorization was the

1 key point. It would resolve the issue, our safety
2 issues, with our employees.

3 MR. HERRERA: Gabe Herrera with the
4 Commission's legal office. As Tony indicated, the
5 language initially included in the draft guidebook
6 revisions identified this process that I think San
7 Diego Gas and Electric would prefer. And we
8 received comments from a number of retailers that
9 indicated that what they were experiencing in
10 terms of delays was going to delay the Energy
11 Commission's payment. That some of the utilities
12 were delaying several months.

13 And that if we transferred this delay
14 onto them, they would have to essentially carry
15 the financing costs for purchasing PV systems,
16 inverters, et cetera.

17 And so I think a decision was made
18 recommended by the Renewables Committee that we
19 stick with the status quo, based upon the concerns
20 raised by a number of retailers. And if there are
21 retailers here today I would encourage them to
22 speak up on that particular point.

23 MR. PARKS: May I interject?

24 CHAIRMAN KEESE: Certainly.

25 MR. PARKS: We've gone to great lengths,

1 even with large development, master home
2 developments such as Ladero Ranch. We have about
3 470 homes up there that are photovoltaic customers
4 of ours.

5 We've gone to the length where the
6 developer actually signed the interconnection
7 agreement with us, because they're the customer of
8 record. And once it's been approved we give them
9 a letter of authorization, and also fax it to the
10 contractor where he can go and apply for his money
11 through the CEC.

12 What it creates is more work on us
13 because once the home is sold, during the escrow
14 we have the developer and the new homeowner, he
15 actually signs a new interconnection agreement
16 with us. We void out the old one with the
17 developer; the new one is in place; and we also
18 send another letter of authorization to the
19 homeowner.

20 So, we've gone through great strides,
21 and actually more work on the utility company to
22 make sure that this process works well. This
23 worked well with our organization for the last 18
24 months. And very little complaints from
25 contractors. And, you know, we work very well.

1 We have probably about 40 contractors in our
2 service territory that install photovoltaic
3 systems.

4 COMMISSIONER GEESMAN: Mr. Chairman.

5 CHAIRMAN KEESE: Commissioner Geesman.

6 COMMISSIONER GEESMAN: What's wrong with
7 the status quo, then? Mr. Herrera has told us
8 that what we've simply done in the language in
9 front of us is to carry forward the status quo.

10 MR. PARKS: It appears to us when we
11 read the status quo that it is soft in the
12 language. We'd like it to say that instead of
13 money, will not be paid until they get a letter of
14 authorization to operate in parallel with SDG&E,
15 or with the utility company --

16 COMMISSIONER GEESMAN: Well, I know
17 you'd like to improve upon the status quo, as you
18 perceive the improvement. But, I'm trying to
19 figure out, given all of the installations that
20 have gone on in your service territory, what's
21 wrong with the status quo.

22 Have there been safety problems or
23 injuries --

24 MR. PARKS: There has not been injuries,
25 you know, and we have had systems that were up and

1 running; we show up at the site and find that they
2 are running in parallel with the utility company
3 without us knowing it.

4 So there is that window that we're
5 talking about. We'd like to firm up that window
6 as a safety issue for the employees.

7 COMMISSIONER GEESMAN: But thus far
8 you've been able to make the status quo work?

9 MR. PARKS: So far we have made it work.
10 But what happens is it puts the burden on the
11 utility company to be the bad guy. If we show up
12 out there and the system's running, we physically
13 have to lock off the -- utility disconnect. And
14 then we make a double trip back to turn it back on
15 once all the paperwork is completed.

16 So, once again, the utility looks like
17 the bad people because we're out there, we're
18 locking them off, the photovoltaic system because
19 it's not authorized to operate in parallel with
20 the utility company. So, once again, it makes us
21 look like we're the show-stopper for renewable
22 energy, which we are not.

23 CHAIRMAN KEESE: Commissioner
24 Pfannenstiel.

25 COMMISSIONER PFANNENSTIEL: Mr.

1 Chairman, I think that partly what we have here is
2 standards or guidelines that we put into effect
3 for the entire state. And I think while San Diego
4 Gas and Electric has, as they have said, made some
5 really, I think, outstanding procedures in place
6 to make sure that they didn't delay the whole
7 process, installation and payment, we're hearing
8 that that's not necessarily the case throughout
9 the state.

10 So there are problems elsewhere. We are
11 hearing from the installers that there is a delay,
12 not apparently with San Diego, but elsewhere. So
13 the balance was to stick with the status quo.

14 MR. PARKS: You know, and we're aware of
15 that. We've talked to other utility companies
16 within, you know, California where they've come
17 and visited us. And say, okay, why is your system
18 working so much better.

19 Well, one is because we have a smaller
20 service territory probably. But the other way is
21 that we have a one-stop shop where instead of
22 going through a couple different departments
23 within the utility company, they go to one group
24 that actually funnels the work out. And they're
25 actually in the process of modeling their system

1 after SDG&E to improve upon, you know, the
2 process.

3 COMMISSIONER GEESMAN: Mr. Chairman.

4 CHAIRMAN KEESE: Commissioner Geesman.

5 COMMISSIONER GEESMAN: I think we would
6 be receptive to a proposal in the future from your
7 industry were you and your counterparts able to
8 figure out ways in which to streamline the
9 administration of this program.

10 I think Commissioner Pfannenstiel and I
11 have, on several occasions, remarked upon the fact
12 that as volume goes up in this program, the Energy
13 Commission's ability to effectively and
14 efficiently administer it diminishes.

15 We don't have, I think, adequate
16 resources to properly administer the program now.
17 We're not going to get any more as volume goes up.
18 And I think in all reality we're likely to end up
19 passing on an increasing share of that
20 administrative burden to you and to the other
21 utilities.

22 So I would encourage you to sit down
23 with the other two companies and determine if
24 there are ways that administration by the
25 utilities could improve the efficiency.

1 And, frankly, I think Commissioner
2 Pfannenstiel is right, your company has really set
3 the benchmark in this area. And I think we would
4 be receptive to a proposal in the future.

5 But for now I don't see any reason to
6 vary from the status quo as it relates to this
7 guidebook.

8 CHAIRMAN KEESE: Thank you. Bernie.

9 MR. OROZCO: Real quick. And,
10 Commissioner Geesman, the status quo has worked.
11 And as I understand, talking to our program folks,
12 it works because there's an informal sort of
13 relationship agreement with the Energy Commission
14 folks and with the industry folks.

15 So that relationship works fine for now.
16 But, you know, 17 years in state government,
17 unofficial agreements are only as good as long as
18 the folks that are there who keep continuing them.

19 COMMISSIONER GEESMAN: Come back to us
20 in six months.

21 MR. OROZCO: We'll be back in six
22 months. Thank you.

23 CHAIRMAN KEESE: Thank you. Kurt
24 Johnson.

25 MR. JOHNSON: Good morning,

1 Commissioners. My name is Kurt Johnson; I'm with
2 PowerLight Corporation.

3 PowerLight's primarily been in the
4 commercial business of solar electric. And we're
5 going to be getting into the residential game here
6 in April, in conjunction with the CEC, doing zero
7 energy homes program.

8 And reading through the language of the
9 guidebook we have a concern in appendix 5A under
10 new construction where there's a requirement for
11 us to supply a copy of the building permit when
12 we're submitting for a rebate application.

13 And the problem with that is that in the
14 new construction process the solar companies that
15 get in there at the beginning of the design
16 process, so that we can design the solar electric
17 system into the house, and it's long before the
18 permits are pulled.

19 So that process could take up to a year.
20 And if we miss out on signing up for the rebates a
21 year ahead of time, we don't know what price to
22 lock down with the customer, and the rebate could
23 potentially not be there.

24 So, I was hoping that we could change
25 the requirement from having a copy of the building

1 permit to a copy of the interconnection
2 application with the utility to fulfill the
3 requirement of making sure that we're connected to
4 the proper utility. I'm assuming that's the
5 requirement of the building permit.

6 MR. BRASIL: The language in that area
7 in appendix 5A, the only changes -- the language
8 with the concept was adopted in the July 2004
9 guidelines. And the only changes we made in the
10 current version were simply nonsubstantive changes
11 to make it more clear as to what the requirement
12 is.

13 CHAIRMAN KEESE: What you're suggesting,
14 this is -- if this is a valid query arriving at
15 the last minute.

16 MR. BRASIL: Yes. I mean, again, I got
17 these comments this morning. So I'm not sure, at
18 this time, whether the utility application would
19 or would not be adequate, because we do not have
20 extensions anymore.

21 And one of the reasons that this
22 language was adopted this way is to allow new
23 construction, which typically takes longer than
24 nine months or a year to complete, to have enough
25 time to complete the system.

1 CHAIRMAN KEESE: So, are you indicating
2 that you might be able to handle his problem on a
3 staff basis?

4 MR. BRASIL: It would require a
5 guidebook change ultimately, but so at this point
6 I'm not in a position to suggest whether it's the
7 appropriate approach.

8 CHAIRMAN KEESE: Okay, so --

9 MR. HERRERA: Chairman Keese, if I can
10 add, I believe the basis for this requirement is
11 that the applicant have a serious intent on moving
12 forward. Certainly the Commission doesn't want to
13 reserve money for a speculative project if it
14 doesn't know for sure that that project is going
15 forward.

16 So what we thought might be helpful was
17 for the applicant to provide a permit or some
18 other improvement, slight improvement, approval or
19 permit to demonstrate to us that, in fact, the
20 project is likely to go forward, therefore it
21 makes sense to reserve money for that particular
22 project.

23 CHAIRMAN KEESE: It sounds to me like
24 this is something that has to be worked out by
25 staff and the Committee, and that we're not going

1 to handle it here. Would that -- Commissioner
2 Pfannenstiel.

3 COMMISSIONER PFANNENSTIEL: Yes.

4 CHAIRMAN KEESE: Thank you for your
5 comment. I think you'll have to work with staff
6 and we'll see what it takes. If they can handle
7 your problem, that's fine. If not, we'll come
8 back with another consideration of the issue.

9 MR. JOHNSON: Thank you very much.

10 CHAIRMAN KEESE: Thank you. Mr. Sarvey
11 is on the phone. Bob?

12 MR. SARVEY: Yes, thank you, Chairman
13 Keese. I've installed two systems (inaudible)
14 12,000 watts, one in my home, one in my business.
15 And I want to speak from the perspective of a
16 small person installing, rather than a large
17 corporation.

18 And first I wanted to address San Diego
19 Gas and Electric's comments. My experience has
20 been with the utility that -- this is PG&E, not
21 San Diego Gas and Electric. They held me up for
22 two months and tried to make me install a
23 capacitor on the telephone pole, or an individual
24 transformer, a dedicated transformer they called
25 it, just for my particular system that I installed

1 in my home of 12,000 watts.

2 And, indeed, that put me past the time
3 where I was supposed to have my system complete.
4 I had to apply for an extension. So, I would
5 encourage you not to eliminate extension requests.

6 I also had an extension request on my
7 contractor-installed system at my business of
8 12,000 watts, due to the fact that the contractor
9 lost his license in the seventh month of the
10 installing, for various reasons. So, I would
11 encourage you not to eliminate that.

12 And as far as the concern of making the
13 small systems more efficient, a pre-site survey
14 would definitely take care of that. I realize
15 that would take some manpower; perhaps it could be
16 done through some additional paperwork on the
17 permit application indicating the direction of the
18 array, the angle of the array and some sort of way
19 to confirm that there's no intervening landscaping
20 or structural things block the array.

21 And from the experience I've had in
22 Tracy of about six installations of neighbors and
23 such, the ones that have performed poorly are the
24 ones that are either facing the wrong direction or
25 have some sort of landscape blocking them.

1 So that's all I wanted to say and thank
2 you for the opportunity to comment. I also would
3 like to have some public comment a little later.
4 Thank you.

5 CHAIRMAN KEESE: Thank you.

6 MR. BRASIL: In the application form we
7 have, prior to payment we have asked or identified
8 information on the application so that the
9 customers would identify the orientation, any
10 potential shading of the final installed system.
11 It wouldn't be done in advance, but it would give
12 us some information to see if we apparently have
13 an issue or problem with poorly sited systems.

14 Our site verifications to date have
15 shown that most systems are installed in a good
16 orientation, but there are still some out there
17 that have partial shading and so on. And that's
18 an issue we're looking to address, although we
19 don't know that we can solve it as part of the
20 rebate program.

21 CHAIRMAN KEESE: Thank you. Extensions,
22 did I hear a discussion of extensions?

23 MR. BRASIL: He did comment suggesting
24 to not eliminate the extension, so what we have
25 before you is to not allow any extensions going

1 forward. In part, that is to encourage the
2 customer to one, have some assurance that he, in
3 fact, will get done within the time period; and if
4 not, they can simply reapply.

5 So they would not be out of funding
6 entirely, but they would probably get a lower
7 incentive if they don't get finished. And part of
8 that is to help reduce the time spent on dealing
9 with extension requests and dealing with
10 applications that are coming in and getting those
11 out quicker and the payments out quicker.

12 CHAIRMAN KEESE: Thank you. And
13 finally, Jandy.

14 JANDY: I was calling because I
15 understood you were talking about removing the
16 extension process. And from the prospective of
17 the small person versus the big corporation, and
18 the person who's doing new construction at the
19 same time, as someone else mentioned, new
20 construction has innumerable delays that are
21 totally out of an individual's control, and as the
22 small person, this program was really put in place
23 in order to help encourage the small person to put
24 in these kinds of arrays.

25 My partner and I are almost exhausting

1 our IRA to pay for this system. And even
2 refunding at a smaller rate means we can't do it,
3 after we've already invested thousands of dollars
4 in extra engineering for a home that would carry
5 that load.

6 And your recommendation that no
7 extensions be allowed was obviously out of
8 workshop desire to this current winter weather.
9 And how do people deal with it? You're not going
10 to grant any extensions, how do people deal with
11 the results of stuff like this with season's
12 weather, where roads are washed out, they can't
13 get materials to their property? Even their
14 property's getting washed out.

15 And it may be recoverable, but somebody
16 who is facing a deadline here in the next two
17 months with no extension has no chance to get that
18 done in time.

19 CHAIRMAN KEESE: I'll short-circuit this
20 and say I believe that the answer we heard is that
21 it's for bureaucratic efficiency that we're doing
22 this, administrative efficiency. And that should
23 such an event occur you may immediately refile and
24 get in the queue again. Is that what I heard?

25 MR. BRASIL: That is correct. And Jandy

1 does have a --

2 JANDY: But how do we know that that's
3 going to happen? And how do we know we're going
4 to get approved the second time around? There's
5 no guarantees we're going to be approved a second
6 time.

7 MR. BRASIL: The other issue, too, is
8 that Jandy does have a reservation with us. And
9 in the proposed guidelines would get the three-
10 month extension upon request.

11 The other concern is that given the
12 three months, might still not be enough.

13 The guidelines, again adopted in July,
14 for new construction would give them 18 months to
15 complete the installation, whereas the rules under
16 which she had applied only allowed nine months for
17 her particular project.

18 So, going forward, people who are
19 building new homes would have a full 18 months to
20 actually complete the home and the system
21 installation. So it won't be an issue going
22 forward. It's truly an issue here with this
23 particular situation.

24 CHAIRMAN KEESE: Do you understand that
25 answer?

1 JANDY: Yeah, I understand that I'm
2 going to be caught and (inaudible). That I'm
3 restricted to a three-month -- I have to finish my
4 project in nine months, not 18. And if I can't
5 get it finished in 12 instead of 18, I'm kind of
6 out because I'm in between.

7 But even for people in the future, I
8 mean for the little guy -- for the big guy who's
9 got lots of money to throw at a project it's
10 probably not such an issue. But for the little
11 guy who's budgeting really tight and trying to do
12 it with everything they've got, not being able to
13 get an extension and losing that extra \$1000,
14 2000, 3000 in rebate fees is the difference
15 between doing it or not.

16 And in my case, and in a lot of older
17 people's cases that I've talked to who all think,
18 oh, you're doing the right thing, it's the
19 difference between me being able to be comfortable
20 with my disability, or my mother who puts on four
21 sweaters because she's afraid she can't afford to
22 heat her house. And I don't want to be in her
23 position in my old age.

24 CHAIRMAN KEESE: Okay, --

25 JANDY: Which is why we're sacrificing

1 so much now to do this.

2 CHAIRMAN KEESE: Thank you. I think
3 we've heard your input. We'll find out in a
4 moment what the reaction of the Committee is to
5 your suggestion. Thank you for your input.

6 JANDY: Okay.

7 CHAIRMAN KEESE: Mr. Ken Smith of
8 PowerLight. I hope you're speaking to a different
9 issue.

10 MS. SMITH: Actually Kari.

11 CHAIRMAN KEESE: Oh, Kari Smith, sorry.

12 MS. SMITH: Thank you. Good morning,
13 Commissioners. Just a brief comment addressing
14 the performance-based incentive pilot that's being
15 adopted with this draft guidebook, also. And we
16 filed comments earlier.

17 And I just wanted to reiterate that we
18 believe that the three-year contract length is
19 insufficient to really stimulate the market using
20 a PBI or a performance-based incentive approach.

21 And that is something that we've filed
22 in our previous comments. And particularly I just
23 wanted to reiterate that point because I believe
24 the pilot is designed to target large customers,
25 commercial customers, which is the market niche

1 that we actually focus on and specialize in at
2 PowerLight.

3 And so in our view with a 50-cent-per-
4 kilowatt incentive, coupled with a three-year
5 contract length, that we will result in a negative
6 net present value, which will be unattractive to
7 our customers.

8 And, in addition, I believe it's perhaps
9 outside the purview of the Commission, but low-
10 interest financing is a really important component
11 which was used to stimulate the performance-based
12 incentive approach in Germany, which I believe
13 you're using as a model or a guide. And that's
14 something that isn't being addressed in this
15 program.

16 And I think the assumption is that large
17 corporate customers, it's easy for them to take
18 out debt. But, in fact, it's not so simple for
19 customers who take out debt for noncore items,
20 which a PV system would be. They prefer, if they
21 are going to take on debt, to do it for their core
22 business items. So that's what makes the low-
23 interest financing so critical, coupled with the
24 PBI.

25 So I just wanted to make those comments

1 for the record. Thank you.

2 CHAIRMAN KEESE: Thank you very much.

3 Any other, anybody else wish to speak to this
4 issue? Seeing none, Committee?

5 COMMISSIONER PFANNENSTIEL: Mr.
6 Chairman, I would just observe that the comments
7 that we've heard today, for the most part, are
8 comments that we've heard at the workshops that
9 we've had on these issues.

10 And, you know, they're very important
11 comments, and I think that they represent a wide
12 range of views on how best, how most effectively
13 to implement these programs.

14 And the two in particular, the
15 extension, the existence of extensions or the
16 length of the extensions, it's a very difficult
17 issue.

18 We heard from many parties and we
19 balanced both, I believe, the equity of the
20 situation against the ability to process the
21 number of extension requests. As Commissioner
22 Geesman said awhile ago, we're looking towards a
23 program that we hope and expect is going to get
24 scaled up to some level. And we need to be able
25 to administer it efficiently and effectively and

1 fairly.

2 In terms of the pilot, the performance-
3 based incentive pilot, again we designed it
4 balancing a large number of interests from the
5 parties that participated in the workshops. And I
6 would be the first to admit that it doesn't do
7 everything we would like it to do. But I think
8 it's a valid pilot, and I think we're going to
9 learn a lot from it. And it is set up to do
10 exactly that, to be an experiment to give us the
11 information that we need to design a performance-
12 based system going forward.

13 CHAIRMAN KEESE: Was that a motion?

14 COMMISSIONER PFANNENSTIEL: If there is
15 no other comments, yes. I then would move the
16 item.

17 MS. KIM: Mr. Chairman.

18 CHAIRMAN KEESE: I'm sorry?

19 MR. PETROSKI: I have some comments.
20 Commissioner Geesman, I'm Gord Petroski, senior
21 sales engineer for Fronius. And I'd like to have
22 some comments with regard to the inverter testing
23 protocols for efficiency.

24 In essence, the process to revise the
25 CEC methods of determining appropriate rebate

1 structure have developed the inverter efficiency
2 test protocol has undergone many revisions to
3 reach its completion.

4 The primary goals of the process are to
5 make this a fair and representative test in the
6 most reasonable and cost effective way possible.

7 Although we support most of the latest
8 draft and the documentation, we would like to
9 express our concern over the issue of what is
10 considered an acceptable test laboratory.

11 The ideal situation is to have a series
12 of laboratories that are both experienced in the
13 testing of such parameters of legitimacy to verify
14 accurate and repeatable measurements, and provide
15 ample opportunities for manufacturers to obtain
16 quick and inexpensive results.

17 The 2005 emerging draft guidebook
18 defines laboratory criteria in appendix 3 as
19 follows: Nationally recognized testing
20 laboratories shall be those laboratories that have
21 been recognized by the U.S. Department of Labor,
22 Occupational Safety and Health Administration
23 (OSHA), in accordance with Title 29 of the Code of
24 Federal Regulations, section 1910.7, and are
25 approved to conduct test UL-1741 under the scope

1 of the OSHA recognition."

2 A list of all current nationally
3 conducted test UL-17 -- excuse me -- a list of all
4 nationally recognized testing laboratories is
5 available on OSHA's webpage at -- we know that.

6 Please note that not all nationally
7 recognized testing laboratories identified on
8 OSHA's list are approved to conduct UL-1741.

9 We believe this definition is both
10 technically and logically inconsistent with the
11 goals of the program. The definition of an NRTL
12 in and of itself is restrictive, when there are
13 numerous laboratories worldwide that meet equally
14 strict or stricter guidelines.

15 If we're to seek a common denominator as
16 defined by the OSHA-approved NRTLs we then
17 restrict our industry to 18 potential labs which
18 may appear to be sufficient. This would be the
19 cast if not for the restriction placed by the
20 language requiring UL-1741 approved testing
21 requirements.

22 When examining the website listed in a
23 footnote earlier, one finds that only three of
24 these 18 labs are approved to test to UL-1741; and
25 none of these have branches outside North America.

1 And, of course, the largest percentage of
2 inverters manufactured are outside of North
3 America.

4 UL-1741 is a safety test, nothing more.
5 It in no way qualifies a laboratory for
6 performance-based testing. The efficiency
7 protocol is one we are crafting together in
8 California as an industry, and no laboratory can
9 currently claim experience in testing to it since
10 it has never been finalized.

11 However, European labs, such as TUV,
12 have tested to such standards under the Euro
13 efficiency tests required in the European Union.
14 To be accredited to this European labs and
15 laboratories in other parts of the world must
16 adhere to ISO-17025 status, which is very similar
17 to requirements internationally to what an NRTL is
18 in the U.S.

19 Along with more specific standards,
20 there's nothing unique about the equipment
21 required to test the California efficiency
22 protocol. The overriding requirements should not
23 be the laboratory is allowed to test to a safety
24 protocol, but that it has the equipment and test
25 experience to examine the same and similar pieces

1 of equipment to the degree of accuracy required
2 for the state's purposes.

3 To place the restrictiveness of allowing
4 only three labs in the world an opportunity to
5 perform these tests, one of which is very backed
6 up, UL, is a significant barrier that will delay
7 the testing of new inverters and create greater
8 demand than supply for these tests.

9 As a result, Fronius strongly urges the
10 CEC to consider revised language that would enable
11 the following facilities to test inverters to the
12 California efficiency protocol. Companies that
13 are NRTLs regardless of whether or not they're
14 specifically approved to test to UL-1741; and
15 secondarily, internationally accredited test labs,
16 ISO-17025 efficiency measurements that can meet
17 the quality calibration requirements described in
18 the test protocol.

19 We thank the Energy Commission for their
20 time, and hope that we can find a solution that
21 enables manufacturers to obtain tests in a timely
22 and accurate manner.

23 CHAIRMAN KEESE: Thank you for your
24 input. I'll just say at the beginning that this
25 sounds like Committee or staff work, much more

1 than Commission work. But I'll defer to the
2 Committee.

3 COMMISSIONER GEESMAN: Well, I would
4 certainly echo your comment, Mr. Chairman. I
5 wanted to second Commissioner Pfannenstiel's
6 motion. And to generally expand on her comments.

7 We are trying to take a program from its
8 pioneer stage in which a lot of very innovative
9 risk-taking Californians have signed up with
10 significant state subsidy to develop this
11 technology.

12 We've also been the beneficiaries of, I
13 think, a robust and growing solar industry in
14 assisting us along the way. But we're moving from
15 the pioneer stage to the settler stage. We're
16 going to, I think, have a community of small
17 farmers, if you will, and no longer frontiersmen.

18 And as the volume goes up, the program
19 is, of necessity, going to have to evolve. The
20 funding is going to have to evolve.

21 We're blessed with a very capable and
22 dedicated staff that has done an outstanding job
23 of trying to keep up with the pace of change.

24 Of necessity we revisit these questions
25 every six months or every 12 months. There's not

1 been a time in the 30 months that I've been on
2 this Commission that we haven't revisited this
3 ever six months.

4 So I would say to the last commenter,
5 and to the other individuals and companies that
6 commented on this proposed guidebook change, that
7 we'll take all of their recommendations under
8 advisement and review them. And those that have
9 merit we will bring back and incorporate in our
10 next round of recommendations.

11 I don't think there's any other way to
12 do it. I certainly am aware of your standing
13 order that we not do Committee work in our full
14 Commission meetings. And, as a consequence, I
15 think we should adopt the guidebook as the staff
16 has presented it, and as the Committee has
17 endorsed it.

18 I second Commissioner Pfannenstiel's
19 motion, and I assure everybody, we'll be back on
20 many of these same questions in another six
21 months.

22 CHAIRMAN KEESE: Thank you. Any further
23 comment from Commissioners?

24 All in favor?

25 (Ayes.)

1 CHAIRMAN KEESE: Opposed? Adopted five
2 to nothing. Thank you, and those who are
3 interested should get together with staff right
4 now and make sure we make the six-month deadline.

5 Item 4, Forms and Instructions for the
6 Electricity Resources and Bulk Transmission Data
7 Submittal. Possible approval of the forms and
8 instructions for the electricity resources and
9 bulk transmission data submittal in support of the
10 2005 Integrated Energy Policy Report. Mr.
11 Alvarado.

12 MR. ALVARADO: Good morning, Chairman
13 Keese and Commissioners. My name is Al Alvarado.
14 I am the Project Manager for the electricity
15 systems assessments that the Energy Commission is
16 conducting in support of the 2005 Energy Report.

17 To my right is Jim Woodward, who is
18 responsible for preparing the report that we're
19 presenting to you today. The agenda item that we
20 have before you today are the electricity resource
21 and transmission data requests for Commission
22 consideration and proposed adoption.

23 We are asking load-serving entities and
24 transmission owners to submit information that is
25 needed to conduct forecasts and assessments of the

1 electricity system for the 2005 Energy Report.

2 The proposed data request is included in
3 a report titled, forms and instructions for the
4 electricity resources and bulk transmission data
5 submittal. This report was posted on the
6 Commission's website on January 7th, and hard
7 copies mailed on January 10th to the load-serving
8 entities and transmission owners that will have
9 the obligation to submit the information specified
10 in the data requests.

11 The electricity system data request is
12 the result of several public workshops, and
13 addresses comments received from interested
14 parties. The California Public Utilities
15 Commission and the California Independent System
16 Operator were also consulted, since the 2005
17 Energy Report findings will ultimately be applied
18 to their planning proceedings.

19 Electricity load-serving entities and
20 transmission owners will be asked to provide data
21 on their load forecasts, plans to supply
22 electricity, and bulk transmission proposals.

23 In adopting these forms and instructions
24 the Energy Commission is specifically requiring
25 relevant parties to file data requests by March 1,

1 2005, and certain transmission planning
2 information by April 1, 2005.

3 In addition, the Energy Report Committee
4 plans to hold an additional workshop on February
5 15th to review the staff's proposal for additional
6 information related to key scenarios and
7 certainties that parties will be required to file
8 by April 1st. These scenarios and certainties to
9 consider are also identified in the report.

10 Following that workshop the Committee
11 will issue, I understand the Commission will issue
12 an order that directs the relevant parties to file
13 that additional information by April 1st,
14 including additional direction or revisions,
15 errata, for these forms and instructions that are
16 necessary. The Committee order will then be
17 brought back to the Commission for adoption.

18 This information will allow the
19 Commission to conduct the resource assessments
20 necessary for insuring that statewide electricity
21 energy trends are fully understood and that
22 policies are implemented for providing reliable
23 electricity to California at affordable rates, and
24 in an environmentally acceptable manner.

25 CHAIRMAN KEESE: Thank you. We have a

1 couple members of the audience who would like to
2 comment. Shall we hear from them? Mr. Guliasi.

3 MR. GULIASI: Thank you and good
4 morning, Commissioners. My name is Les Guliasi
5 from Pacific Gas and Electric Company.

6 I would like to just raise one issue of
7 concern, potential concern, with the forms and
8 instructions that you are about to adopt this
9 morning. I'm going to direct you to the language
10 that appears on the bottom of page 1 and the top
11 of page 2 of the forms and instructions.

12 The statement is here that, as we just
13 head, on February 15th you plan on having an
14 additional workshop to further define some of the
15 scenarios that will need to be developed. And
16 then subsequently the Committee will issue a
17 ruling regarding exactly what additional scenarios
18 need to be run.

19 The concern I have is that we don't
20 really know, with any degree of certainty, what
21 additional work will be imposed. As you probably
22 know, the data collection, the data processing and
23 the resource planning processes are very time
24 consuming and very labor intensive.

25 While there is some indication toward

1 the back of the document that identifies some of
2 the uncertainties and some of the potential
3 scenarios that may be run, we're concerned that
4 without greater specificity we're left with kind
5 of an unknown and maybe even an open-ended set of
6 scenarios that we may have to run.

7 To the extent that what we have before
8 us delineates pretty clearly the extent to which
9 we're going to have to run scenarios, I think
10 we're comfortable. But to the extent that there
11 may be new scenarios developed, or new requests
12 for scenarios developed on February 15th we're
13 going to run up against a very tight time schedule
14 to produce all the data you need on time.

15 To the extent that you're just going to,
16 you know, manipulate various elements, you know,
17 various scenarios, that's fine. But to the extent
18 that you want to start developing whole new
19 resource plans out of new cloth, that kind of
20 effort could pose problems. I just wanted to
21 bring that issue to your attention.

22 To the extent that staff has some sense
23 of the additional work that might be required,
24 perhaps they could issue some guidelines prior to
25 the February 15th workshop that would give us

1 enough information to come prepared to address
2 this issue and the concern I'm raising for you
3 today.

4 COMMISSIONER GEESMAN: Mr. Chairman.

5 CHAIRMAN KEESE: Commissioner Geesman.

6 COMMISSIONER GEESMAN: I think the
7 ambiguity comes more from the Committee than from
8 the staff. And what we wanted to do was provide
9 the CPUC Staff and the Cal-ISO Staff a full
10 opportunity to think through what each of those
11 organizations felt would be appropriate from a
12 scenarios standpoint. And what would best
13 illustrate the uncertainties surrounding all of
14 these numbers.

15 I think that any work that we come up
16 with for you all to do coming out of the February
17 15th workshop will obviously need to be
18 disciplined against a realistic timeframe.

19 I'm mindful of the fact that even at
20 this early stage this data gathering has proven to
21 be a difficult subject for your company and at
22 least one of the other IOUs. The retail supply
23 price projections, that we visited a couple of
24 times in our earlier Commission meetings, were
25 originally due, I think, November 24th. And we

1 have provided, I think, as much flexibility in
2 responding to those needs as we can.

3 We'll take up the enforcement question
4 on the next item, but just so that there be no
5 suspense, I intended to ask the Chair to put this
6 item over until February 2nd, or I should say to
7 put the enforcement question over until February
8 2nd to give our staff a better opportunity to
9 determine whether the information that was
10 submitted here in the last couple of days, in
11 fact, meets their requirements or not.

12 But, going forward, we've pretty much
13 taken all of the time for slippage or delay out of
14 our calendar. And I can assure you at our
15 workshop on scenarios we will have a discipline
16 that prevents us from making unrealistic requests,
17 a request that you're not able to perform in a
18 timely fashion.

19 But, I can't begin to describe the
20 determination that we all need to have to meet the
21 requirements for information coming in in the
22 future that we've already specified. A lack of
23 timely response undercuts our ability and your
24 ability to do the job that the Legislature and the
25 Public Utilities Commission have laid out for us.

1 And as you well know, this is supposed
2 to drive future cycles in the procurement process.
3 So there are a lot of ratepayer impacts at stake.

4 So I'll commit to you that we'll be
5 realistic on February 15th. I'll absolve the
6 staff of any responsibility for the ambiguity that
7 you found in the current forms and instructions,
8 but really implore you to provide a timely
9 response to the requests that we've already made.

10 MR. GULIASI: May I respond briefly?

11 CHAIRMAN KEESE: Certainly.

12 MR. GULIASI: With respect to the forms
13 and instructions before us, we've been working
14 diligently and we are on schedule to meet the
15 deadlines that you've get. I don't see any
16 difficulty, you know, up to this point meeting the
17 schedule.

18 And I'm very mindful of the fact that my
19 company was -- has been the cause of the delay
20 that you're referring to in setting us all back a
21 bit. And as we'll hear in the next item, when you
22 discuss item number 5, PG&E has submitted all the
23 necessary data. We believe it's complete, and
24 it's in the hands of the staff.

25 But, you know, I appreciate what you're

1 saying here about the need to develop some
2 realistic scenarios and I appreciate the fact that
3 the Committee will be disciplined and be as
4 specific as possible so that we can all get the
5 work done on schedule.

6 The reason I'm addressing this issue is
7 because we have some experience in the PUC
8 proceedings, in the long-term planning proceed,
9 wherein the utilities were ordered, near the end
10 of that proceeding, to run multiple scenarios
11 which, from our experience, caused a great deal of
12 effort, and you know, a time delay.

13 And so based on that experience I was
14 just trying to raise this issue to your attention.
15 And I'm glad that you're going to be, seriously
16 consider a reasonable number of scenarios and
17 impose some discipline on the process.

18 And even, I think I heard you say,
19 perhaps adjust schedule if necessary. We hope you
20 don't have to do that. But it's the experience
21 that we've had i that other proceeding that led us
22 to have this concern now. And, again, my
23 recommendation is to the extent that the staff of
24 the Energy Commission can work with the staff of
25 the other two institutions, the Public Utilities

1 Commission and the ISO, to kind of get their arms
2 around potential scenarios, that would be helpful.

3 And even in advance of the workshop,
4 give us some indication of what we're looking for,
5 so we can be constructive participants in that
6 workshop, and then dispense with the work.

7 Thank you very much.

8 CHAIRMAN KEESE: Thank you.

9 COMMISSIONER BOYD: Mr. Chairman, as the
10 other member of the Committee that Mr. Geesman
11 made reference to, I'd like to just join him in
12 his comments and indicate that sympathetic to the
13 concern. I don't want to pick on sister agencies,
14 this isn't the PUC, but we're all working
15 cooperatively together.

16 And I think we'll try to meet you more
17 than halfway in doing this. We're a little more
18 than feeling our way along, but this is a somewhat
19 new venture.

20 MR. GULIASI: Thank you.

21 CHAIRMAN KEESE: Thank you. Mr. Gregory
22 Klatt.

23 MR. KLATT: Thank you. My name is
24 Gregory Klatt, and I'm here this morning on behalf
25 of the Alliance for Retail Energy Markets, or

1 otherwise known as ARM. ARM is a regulatory
2 alliance of energy service providers that will be
3 subject to the data submittal requirements.

4 I'm here today to ask you to put off the
5 report to the next meeting, the reason being we
6 would like more time to work with staff to resolve
7 some issues that we still have about the data
8 requests.

9 Now, I'm cognizant of the fact that the
10 staff proposal was issued last month, but the fact
11 of the matter is we ran into the holidays and
12 there have been extensive proceedings at the
13 Public Utilities Commission workshops that deal
14 with resource adequacy issues.

15 And unlike the utilities, which have
16 rather large staff, the energy service providers
17 that are active in California are much smaller and
18 simply do not have the resources to cover
19 everything at the same exact time.

20 So we're in a situation where we would
21 have hoped to be able to work out our issues prior
22 to today's meeting, but unfortunately that has not
23 occurred. But we do think that it is possible to
24 work things out in relatively short order. So
25 that's why we'd like to request a hold.

1 Very quickly, the reasons for the hold
2 are -- well, just to say this, we understand that
3 the staff would like to have perfect information
4 in order to meet their responsibility to prepare
5 the report. And to that end they've been pushing
6 the envelope further and further in terms of the
7 data requests that are being propounded on non-
8 utility energy service providers.

9 We've come to a point where the staff
10 has pushed too far, quite simply. The Commission
11 has broad authority to request information from
12 market participants under the IEPR statute.
13 However, that authority is not without
14 qualifications.

15 Without getting into the exact language
16 of the statute, the basic -- the bottomline is
17 that the Commission can only require load-serving
18 entities to produce information that they either
19 acquire or produce in the normal course of
20 business.

21 What the staff is requesting for ESPs to
22 produce is basically exactly the same as what the
23 utilities are going to be producing, with some
24 exceptions about utility-retained generation,
25 which obviously don't apply to ESPs.

1 The problem with that is that ESPs do
2 not prepare ten-year forecasts of load; they don't
3 prepare long-term resource plans in the normal
4 course of business. Therefore, the Commission
5 does not have any authority to require them to
6 submit that type of information in the context of
7 the IEPR.

8 Now, I don't want to give the impression
9 that we don't want to be responsive, however we
10 don't, you know, we want to tell -- that we don't
11 want to be cooperative.

12 As Commissioner Geesman knows, from the
13 last round of data requests, we have submitted --
14 all our members have submitted their reports on
15 time and they have been complete.

16 But what's being asked for in this
17 latest round of data requests just simply goes too
18 far.

19 Another consideration is that the
20 statute expressly provides that to the maximum
21 extent possible, and that's a direct quote from
22 the statute, "to the maximum extent possible", the
23 staff should use estimates and proxies based upon
24 surveys and research, as opposed to the type of
25 information that they're asking for -- or excuse

1 me, as a general matter that's one of the
2 restrictions on your authority.

3 And a lot of the information that was
4 requested in this latest round of data requests is
5 not necessary for the staff to perform their
6 responsibilities.

7 Some other problems are a bit more
8 technical. For example, they're asking for a lot
9 of detailed information about bilateral contracts.
10 Now, some of this information is already public.
11 For example, the name of the counter-party and the
12 megawatts. But information about price and other
13 detailed terms of the contracts are not public;
14 they're extremely sensitive. And we have some
15 concerns about confidentiality.

16 Also, the report provides that for
17 purposes of reporting your supply, firm liquidated
18 damages contracts, which is a specific type of
19 contract in general usage in the state and in the
20 region, would not be recognized for the years 2009
21 and after. And the report says that's based upon
22 the Public Utilities Commission's decisions about
23 resource adequacy.

24 Well, there's nothing in the
25 Commission's decisions about a 2009 sunset data

1 for firm LD contracts. It's just not in the
2 decision. So I don't know where that came from.

3 Also the report provides that load-
4 serving entities are supposed to report their
5 demand and to include 15 percent planning reserves
6 in that number. Well, the resource adequacy
7 requirement only applies to coincident peak
8 demand. So it doesn't make sense to have load-
9 serving entities report non-coincident peak demand
10 information with the reserves added on top of it.
11 It gives you a number that is worthless,
12 basically.

13 So there are several other problems and
14 issues with the data requests that I don't want to
15 bore you with the details of now. But suffice it
16 to say that there are some issues that need to be
17 worked out.

18 And we understand we are coming up
19 against some time pressures, but we would very
20 much urge the Commission to put things off for a
21 few weeks to give us an opportunity to see if we
22 can't resolve what disputes we still have, within
23 the next couple weeks.

24 Let's see -- the alternative is for the
25 Commission to adopt the report today, thereby

1 precipitating a legal battle with energy service
2 providers over the scope of the Commission's
3 authority, a battle that I think we would all like
4 to avoid. And a problem with that approach is
5 that the battle will result in the delay of the
6 production of the information that the staff would
7 like -- actually needs to perform its
8 responsibilities and duties.

9 So in order to avoid that outcome we
10 strongly urge the Commission to hold the report
11 till at least the next business meeting.

12 Thank you very much for the opportunity
13 to address you.

14 CHAIRMAN KEESE: Thank you.
15 Commissioner Geesman.

16 COMMISSIONER GEESMAN: Well, it sounds
17 to me like their differences with the staff are
18 fairly fundamental. And I'm not certain why we
19 should think that they would be subject to easy
20 resolution within a period of, I guess you just
21 said, the next business meeting. But you
22 previously said several weeks.

23 I certainly don't relish a legal
24 conflict, but at the same time, I think that we've
25 got a schedule to meet. The future procurement

1 cycle is highly dependent upon that schedule.

2 I certainly can't draw your internal
3 priorities for you and tell you how much time you
4 should allocate to the resource adequacy
5 proceeding that the PUC issued, or the decision
6 they issued late last year versus how much time
7 you should spend in our forum.

8 We've got a fairly friend forum and a
9 pretty easy way to participate that doesn't
10 require a great deal of formal intervention.

11 But I think the better course for us
12 right now would be to adopt these forms and
13 instructions, and if you are able to work out some
14 common ground with our staff, I'd certainly
15 encourage you to do so. But I'd encourage you to
16 do so in a context where we've already adopted our
17 forms and instructions.

18 MR. KLATT: The problem with that
19 approach -- well, I understand what you're saying,
20 and we have spoke with staff already and received
21 assurances that it's not as onerous as it looks.

22 The problem with that approach is that
23 staff members can change. Commissioners will
24 change. And what's acceptable to the staff this
25 year may not be acceptable next year, or the year

1 after.

2 They may look at what was adopted in the
3 decision and say, hey, you didn't provide exactly
4 what is specified here in the document, and
5 because you didn't do that, we're going to come
6 after you.

7 And we're just not willing to live with
8 that Damocles Sword hanging over our necks. It
9 just seems unreasonable.

10 And what this -- well, that's basically,
11 that's our position. So we would rather take a
12 little bit of time to see if we can't tweak the
13 decision a bit to make it acceptable, rather than
14 spending time and resources on a legal battle that
15 could otherwise be avoided.

16 So we would just encourage you to give
17 us a little bit more time. Thank you.

18 CHAIRMAN KEESE: Thank you.
19 Commissioner Geesman, what is -- may I ask you a
20 question? You're going to have another workshop
21 or hearing on the 14th of February?

22 COMMISSIONER GEESMAN: That's our next
23 one, and I believe --

24 CHAIRMAN KEESE: And it --

25 COMMISSIONER GEESMAN: -- 15.

1 CHAIRMAN KEESE: Are you bringing back
2 to us something for adoption after that? Or is
3 the Committee going to do the tweaking, itself?

4 COMMISSIONER GEESMAN: We haven't
5 determined that yet, but it's not clear that we'll
6 need to come back with anything further for the
7 Commission to adopt on this topic.

8 CHAIRMAN KEESE: Okay. So when we've
9 adopted the forms and instructions here that'll be
10 it for this cycle, is that -- staff --

11 MR. ALVARADO: For a large part of the
12 information we are requesting, yes. The point for
13 the February 15th is more to discuss uncertainty
14 issues and potential scenarios to sort of bound
15 different areas of concern that we may need to
16 consider for the future.

17 CHAIRMAN KEESE: Okay. So the details
18 of the forms, rather than the forms, themselves?

19 COMMISSIONER GEESMAN: And most of the
20 15th is going to be oriented to the utilities as
21 opposed to the ESPs in terms of scenarios that are
22 run.

23 CHAIRMAN KEESE: As I understand it,
24 your clients or members' filings were timely and
25 complete, as you indicated.

1 MR. KLATT: We're not trying to be
2 obstructionists here, at all. We just really have
3 some legal concerns that we would like to try to
4 work out informally and see if we can't have those
5 reflected in the decision without --

6 CHAIRMAN KEESE: And I think I heard
7 Commissioner Geesman here, they'd also like to
8 work it out informally.

9 COMMISSIONER GEESMAN: Yeah, I would
10 certainly welcome that, and would not foreclose
11 the possibility of that by adopting these forms
12 and instructions.

13 MR. KLATT: The problem with that is it
14 puts us in a position where we have something in
15 writing that's already been adopted, and in order
16 to --

17 COMMISSIONER GEESMAN: And you may have
18 to enter into something in writing with the staff
19 that clarifies what the effect of those earlier
20 adopted forms and instructions were.

21 MR. KLATT: Exactly, it would almost
22 create more work than --

23 COMMISSIONER GEESMAN: I don't think so.
24 And it would certainly keep us on schedule.

25 MR. KLATT: Well, in terms of schedule,

1 that's actually what I wanted to just briefly
2 state that, as you can tell from the comments from
3 PG&E today, they're already on track to report
4 their data on March 1st and April 1st.

5 So holding things off for two weeks in
6 order to get some resolution of the issues that
7 are not applicable to the utilities would --

8 COMMISSIONER GEESMAN: Well, maybe I've
9 had more experience with PG&E than you have. I
10 know that's their best intention, and I hope that
11 they're able to deliver on that. But in the past,
12 there have been some slippages.

13 MR. KLATT: Well, the fact of the matter
14 is that adopting the forms and instructions today
15 will not change that. If there's going to be
16 slippage from PG&E there's going to be slippage
17 from PG&E. It doesn't matter if you adopt the
18 forms and instructions today or a month from now.

19 So, in terms of the parties who are --
20 in terms of the other entities that are subject to
21 the data requests, you haven't had a problem. And
22 I don't expect you would have a problem in the
23 future. We just want to make sure that we don't
24 have to get into a big fight over this.

25 CHAIRMAN KEESE: Thank you, I think the

1 issue is before us. Commissioner Geesman,
2 you're --

3 COMMISSIONER GEESMAN: I'd move the
4 staff recommendation.

5 CHAIRMAN KEESE: Motion, Commissioner
6 Geesman.

7 COMMISSIONER BOYD: Second.

8 CHAIRMAN KEESE: Second, Commissioner
9 Boyd. Any further conversation?

10 All in favor?

11 (Ayes.)

12 CHAIRMAN KEESE: Opposed? Adopted five
13 to nothing. Thank you.

14 Item 5, 2005 Integrated Energy Policy
15 Report. Consideration of a possible decision to
16 initiate enforcement activities for certain load-
17 serving entities subject to the Energy
18 Commission's November 3, 2004 retail price data
19 submittal order.

20 Commissioner Geesman, I heard a
21 recommendation in the conversation.

22 COMMISSIONER GEESMAN: Yeah, I think we
23 should put this over to the February 2nd meeting.

24 CHAIRMAN KEESE: Thank you. Mr.
25 Therkelsen.

1 MR. THERKELSEN: Yeah, I think that this
2 is -- it's appropriate under the circumstance. At
3 the same time I would encourage the Commission to
4 take its enforcement responsibilities very
5 seriously. That's something that in the previous,
6 I think that when we were doing Electricity
7 Reports, et cetera, we were probably a little more
8 lax on.

9 This information is critical; the fact
10 that the utilities and the load-serving entities
11 provide it is critical. And I think that's the
12 points that the Commissioners have identified.
13 And we depend on those entities to not only
14 provide the data, but also resources to make sure
15 that this process works.

16 In the future we will be working with --
17 continue to work with the PUC and the ISO to make
18 sure that we collaborate on data requests, we
19 streamline them as much as possible, but we do
20 need to make sure that those important entities,
21 the utilities and load-serving entities, do
22 provide that information and provide it in a
23 timely fashion.

24 So, we concur with putting this off for
25 two more weeks, but also request that we do move

1 forward in the future.

2 CHAIRMAN KEESE: Thank you. And I have
3 a request by Mr. Guliassi and Mr. Schoonyan to
4 testify. I don't think that's necessary at this
5 time.

6 MR. GULIASI: That's correct.

7 CHAIRMAN KEESE: This item is over till
8 the next meeting.

9 Item 6, City of Palm Desert. Possible
10 approval of a \$197,135 loan to the City of Palm
11 Desert to retrofit the existing lighting system
12 with more efficient energy equipment. Good
13 morning.

14 MR. SULEIMAN: Good morning,
15 Commissioners. My name is Adel Suleiman and I'm
16 the project manager in public programs office
17 here at the Commission.

18 The City of Palm Desert is requesting a
19 loan in the amount of \$197,135. This loan would
20 be used to retrofit the existing lighting system
21 with a more energy efficient system, and to
22 install the 50 kW photovoltaic system on the
23 existing City's carports.

24 CHAIRMAN KEESE: Thank you.

25 MR. SULEIMAN: Sorry. This project is

1 estimated to reduce electric consumption by
2 approximately 105,000 kWh annually and reduce peak
3 by 52 kW. The City is estimated to save
4 approximately \$20,000 in annual energy costs, and
5 this project has a simple payback of approximately
6 9.8 years.

7 CHAIRMAN KEESE: Thank you.

8 COMMISSIONER PFANNENSTIEL: Mr.

9 Chairman, I move the item.

10 CHAIRMAN KEESE: Motion, Pfannenstiel.

11 COMMISSIONER ROSENFELD: Second.

12 CHAIRMAN KEESE: Second, Rosenfeld.

13 All in favor?

14 (Ayes.)

15 CHAIRMAN KEESE: Opposed? Adopted five
16 to nothing. Thank you.

17 MR. SULEIMAN: Thank you.

18 CHAIRMAN KEESE: Item 7, Center for
19 Clean Air Policy. Possible approval of contract
20 600-04-019 for \$50,000 to provide analytical
21 support for the Commission's climate change
22 program and the 2005 Integrated Energy Policy
23 Report.

24 MS. BROWN: Yes. I'm here to move to
25 request that the Commission --

1 CHAIRMAN KEESE: And you are?

2 MS. BROWN: -- approve the proposed
3 contract.

4 COMMISSIONER BOYD: You are whom?

5 CHAIRMAN KEESE: And, Susan, --

6 MS. BROWN: I'm sorry, I'm Susan Brown.
7 (Laughter.)

8 MS. BROWN: I apologize. It's been
9 awhile since I've spoken to the full Commission.

10 CHAIRMAN KEESE: Thank you.

11 MS. BROWN: The Center for Clean Air
12 Policy is a nonprofit organization who has
13 assisted several other states, including the
14 States of New York, Massachusetts and Connecticut,
15 on state-level climate change issues.

16 And for that reason we believe they are
17 uniquely qualified to perform this work.

18 CHAIRMAN KEESE: Thank you.

19 COMMISSIONER BOYD: Mr. Chairman, it
20 came before the Transportation Committee. I move
21 the item.

22 COMMISSIONER PFANNENSTIEL: Second.

23 CHAIRMAN KEESE: Motion, Boyd; second,
24 Pfannenstiel. Any other comment?

25 All in favor?

1 (Ayes.)

2 CHAIRMAN KEESE: Opposed? Adopted five
3 to nothing.

4 Item 8, Building Media, Inc. Possible
5 approval of contract 400-04-008 for \$285,000 to
6 provide internet training videos and other
7 interactive information on the energy efficiency
8 standards for residential and nonresidential
9 building standards.

10 MR. EASH: Good morning, Mr. Chairman
11 and Commissioners, public. My name is John Eash;
12 I work in the energy efficiency division.

13 If you'd like you can go ahead and vote
14 this approved right now.

15 (Laughter.)

16 MR. EASH: In the interests of time, --
17 okay, let me give my short pitch here.

18 The purpose of this \$285,000 contract is
19 to provide internet training videos and other
20 interactive distance-learning information on the
21 energy efficiency standards.

22 And the work proposed will not only
23 augment the Commission's existing 100 videos that
24 are currently online on the Consumer Energy Center
25 website, but will also create a new online

1 training academy that eventually will house
2 information for many other states, in addition to
3 California.

4 The State of Arizona is our Department
5 of Energy partner in this new academy; and other
6 states are expected to join the project this year
7 or next. And I think I forgot to say that this is
8 funded by a DOE grant, and also ERPA funded, in
9 addition to that.

10 The contract will provide the following:
11 Edits to all the existing videos to insure
12 consistency with the 2005 standards; revised
13 online text and links; new state-of-the-art
14 interactive distance learning modules that will
15 include secure testing mechanisms, and real-time
16 response to questions.

17 Several new video segments, including
18 private-sector-sponsored videos; a live webcast;
19 and about 5000 CDs in addition to that.

20 Using this multimedia systems of the
21 contract to provide information allows the
22 Commission to move the message of energy
23 efficiency and alternative energy sources and
24 systems. And to provide training to stakeholders
25 on the 2005 energy efficiency standards.

1 So I would ask that you would approve
2 this contract.

3 CHAIRMAN KEESE: Thank you.

4 COMMISSIONER PFANNENSTIEL: Mr.
5 Chairman, I move approval.

6 CHAIRMAN KEESE: Motion, Pfannenstiel.

7 COMMISSIONER ROSENFELD: I second with
8 enthusiasm.

9 CHAIRMAN KEESE: Second, Rosenfeld. Any
10 other?

11 All in favor?

12 (Ayes.)

13 CHAIRMAN KEESE: Opposed? Five to
14 nothing.

15 MR. EASH: Thank you.

16 CHAIRMAN KEESE: Thank you. A very
17 useful program.

18 Number 9, California Wind Energy
19 Collaborative. Possible approval of work
20 authorization WA #MR-017 (Contract 500-02-004)
21 amendment with the University of California at
22 Davis, to add \$2.3 million to the contract and
23 extend the work term to June 30, 2006.

24 Good morning.

25 MS. YEN-NAKAFUJI: Good morning,

1 Commissioners. My name is Dora Yen-Nakafuji, and
2 I'm the technical lead for the wind energy PIER
3 R&D program.

4 And we're requesting the possible
5 approval of this existing MRA work agreement, or
6 work amend -- agreement with the University of
7 California at Davis to increase their funding by
8 \$2.3 million and extend their activities through
9 June 30 of 2006.

10 The extension is justified to do the
11 increase in scope for the California Wind Energy
12 Collaborative. They will continue to administer
13 the activities of the Collaborative, including
14 conducting the activities in California Wind
15 Energy Forum. This year Commissioner Pfannenstiel
16 graciously accepted the invitation and presented
17 on the topic of California energy future. And on
18 behalf of the Collaborative and the Commission,
19 our group, we thank you for doing that.

20 So they'll be conducting the --
21 coordinating and administrating the Collaborative.
22 At the same time they will increase their scope
23 and take on additional activities that align
24 directly with our IEPR process.

25 The first activity will be providing

1 support to the existing Tehachapi working group by
2 integrating the -- the cost of integrating
3 renewables, which the Collaborative has been a key
4 player in providing methodology and analysis for
5 that activity.

6 At the same time the PIER group has been
7 actively involved in a strategic value assessment,
8 a methodology for evaluating the deployment of
9 renewable resources that will have transmission
10 benefits throughout California. And we see that
11 the Collaborative, as well as other industry
12 experts, can provide substantial support to the
13 existing Tehachapi working group, as well as
14 transmission support for that group.

15 A second activity is coordinating a
16 multimember intermittency study group to address
17 significant levels of higher wind energy
18 penetration throughout the state, and leveraging
19 lessons from Europe.

20 So we're very anxious in moving forward
21 to these activities and are requesting approval
22 from the Commission.

23 CHAIRMAN KEESE: Thank you.
24 Commissioner Rosenfeld.

25 COMMISSIONER ROSENFELD: I move the

1 item.

2 CHAIRMAN KEESE: Motion, Rosenfeld.

3 COMMISSIONER GEESMAN: Second.

4 CHAIRMAN KEESE: Second, Geesman. Any
5 other?

6 All in favor?

7 (Ayes.)

8 CHAIRMAN KEESE: Opposed? Adopted five
9 to nothing. Thank you.

10 MS. YEN-NAKAFUJI: Thank you.

11 CHAIRMAN KEESE: Item 10, El Segundo
12 Power II LLC Redevelopment Project. Commission
13 consideration of possible reconsideration on the
14 Commission's own motion pursuant to Public
15 Resources Code section 25530. This item allows
16 any member of the Commission to propose a
17 reconsideration of petitions of this decision for
18 any reason.

19 MR. CHAMBERLAIN: Yes, Mr. Chairman.

20 CHAIRMAN KEESE: Mr. Chamberlain.

21 MR. CHAMBERLAIN: I believe that
22 Commissioner Geesman will want to introduce this
23 item, but I thought I would indicate initially
24 section 25530 allows the Commission to reconsider
25 a decision on a siting matter, or on an AFC, I

1 should say, either on petition of a party, which
2 is the way it has normally come up, or on the
3 Commission's own motion.

4 In order for that to happen, of course,
5 under the Open Meetings Act, there has to be a
6 motion at a business meeting that's been properly
7 noticed.

8 And so we put this item on in order to
9 allow the Commission to consider Commissioner
10 Geesman's motion.

11 CHAIRMAN KEESE: Thank you.
12 Informationally, has there been any other petition
13 for consideration filed at this time?

14 MR. CHAMBERLAIN: We have not received
15 any petition for reconsideration at this time.
16 Petitions for reconsideration, under the original
17 motion, would have been due through next Monday.

18 CHAIRMAN KEESE: Thank you.
19 Commissioner Geesman.

20 COMMISSIONER GEESMAN: Mr. Chairman, at
21 the end of our discussion right before we adopted
22 our decision on December 22nd, in this case, I had
23 made the request that the decision order be clear
24 that we were making the same findings that we had
25 earlier made in the Morro Bay case regarding

1 exercise of our override authority under, I
2 believe, it's section 25525.

3 The order Mr. Chamberlain drafted and
4 that was executed was slightly incomplete in
5 accomplishing that. And I bear some
6 responsibility for having reviewed it after I had
7 left the Commission that day, and not being timely
8 in getting my comments back to Mr. Chamberlain.

9 So, this is an effort to clarify that.
10 It embraces the same findings regarding the
11 Coastal Commission that we made in the Morro Bay
12 case.

13 If you'll remember, both from our
14 discussion of the 22nd and our discussion of Morro
15 Bay, it's not clear, by any means, that we need to
16 do that. But upon advice of legal counsel, out of
17 an abundance of caution, I think it's probably the
18 better practice to take this belt-and-suspenders
19 approach.

20 So I would put forward the language the
21 Mr. Chamberlain has drafted, and indicate to you
22 that this is what we did in Morro Bay, and it's my
23 belief this is what we should do here, as well.

24 COMMISSIONER BOYD: Mr. Chairman.

25 CHAIRMAN KEESE: Commissioner Boyd.

1 COMMISSIONER BOYD: As the one who made
2 the motion that day on El Segundo, and I remember
3 very well the recommendation and the modification
4 of the motion to adopt the recommendation that
5 Commissioner Geesman brought before us, and I
6 think we were all in error of omission, or
7 drafting omission, or what-have-you.

8 And I agree completely with what he's
9 proposing here, so I would move adoption.

10 COMMISSIONER GEESMAN: Second.

11 CHAIRMAN KEESE: Motion, Boyd; second,
12 Geesman.

13 MR. CHAMBERLAIN: Mr. Chairman, I just
14 want to indicate one additional thing that has
15 happened just this morning, just a few minutes
16 before the business meeting. I received a letter
17 from the Coastal Commission --

18 CHAIRMAN KEESE: We were making the same
19 point.

20 MR. CHAMBERLAIN: Okay.

21 CHAIRMAN KEESE: You're welcome to make
22 it.

23 MR. CHAMBERLAIN: All right. Well, it's
24 a four-page letter, and it takes issue with a
25 number of the things that are said in the proposed

1 order on reconsideration.

2 And I would simply note for the
3 Commission I haven't had time really to understand
4 the details of these criticisms, but I would
5 suggest that we simply communicate back to the
6 Coastal Commission, if you do reconsider. If you
7 don't reconsider, then petitions for
8 reconsideration are still due this coming Monday.

9 If you do agree to reconsider the matter
10 on your own motion, then the clock starts again
11 from today. So they still have 30 days to make
12 these points in their own petition for
13 reconsideration of the new decision, if they
14 choose to do so.

15 CHAIRMAN KEESE: Thank you.

16 MR. MCKINSEY: Chairman Keese and
17 Commissioners, in substance -- I represent the
18 applicant. My name is John McKinsey and I
19 represent the applicant, El Segundo Power II LLC.

20 In substance I don't think we object to
21 what, I think, is accurately described as this is
22 an extra safety precaution. Fundamentally, and we
23 are forced to restate a legal position that we
24 disagree with the Commission on, and that is that
25 we don't think any of this is necessary because

1 there is no Coastal Commission report submitted in
2 this proceeding, subject or pursuant to section
3 30143(d).

4 Because of that none of these things are
5 necessary, and we need to reiterate that solely to
6 preserve our argument. However, in an abundance
7 of caution it makes complete sense to do these
8 overrides.

9 We do have a concern, and it's a very
10 important one, and I think it requires parsing
11 carefully section 25530, the statute section that
12 allows you to do reconsideration on your own
13 merits, as well as a party, that you cannot vote
14 on it today.

15 And it actually kind of hits on the very
16 issues we're having with the fact we got a letter
17 from the Coastal Commission faxed to the Energy
18 Commission, which I was handed this morning.

19 Section 255 --

20 CHAIRMAN KEESE: I believe we heard that
21 from our counsel today, that this starts a 30-day
22 clock.

23 MR. MCKINSEY: Well, the section 25530,
24 you have to be careful. There are two things
25 within it. You can order a reconsideration, and

1 then you can actually agree to issue a new order
2 or decision.

3 And the statute's very clear that while
4 you can order a reconsideration today, at a
5 business meeting, you can't approve a new order or
6 decision until you've given notice to all parties.
7 And notice requires ten-days notice.

8 The notice for this event went out on
9 Thursday of last week, so it has not been ten
10 days. So you cannot approve procedurally
11 correctly any changes to this decision until the
12 next business meeting on February 2nd. And that's
13 very clear by statute.

14 And so while we're interested in having
15 this change, certainly it's good, you would
16 actually introduce an Achilles's Heel, so to
17 speak, in the decision were you to approve it
18 today. Clearly you can order a reconsideration on
19 your own merits, but you would need to table the
20 decision until February 2nd to approve it.

21 MR. CHAMBERLAIN: I respectfully
22 disagree with counsel and his interpretation of
23 section 25530. I have always interpreted this
24 section to allow the Commission either to make its
25 new decision on the spot, or to -- what he's

1 referring to is the sentence that says a decision
2 or order may be reconsidered by the Commission on
3 the basis of all pertinent portions of the record,
4 together with such argument as the Commission may
5 permit, or the Commission may hold a further
6 hearing after notice to all interested persons.

7 That further hearing anticipates
8 potentially taking additional evidence. That is a
9 possibility, but in this case that's not being
10 proposed.

11 CHAIRMAN KEESE: Because --

12 MR. McKINSEY: I would indicate that the
13 key thing in there that's really important is
14 there's another comma, and I don't want to be
15 parsing commas, but it's very significant.

16 It says may hold, after a further
17 hearing, comma. Meaning that that's a separate
18 phrase, and that the after notice applies to any
19 action being proposed to be taken by the
20 Commission.

21 And with just within a context of
22 process, that seems absolutely necessary.
23 Otherwise, you have the situation you have, which
24 is there are a significant number of parties that
25 are very interested in this very Coastal

1 Commission issue who aren't on the phone that I
2 know of, who didn't submit letters. One party,
3 the Coastal Commission, got a letter in by fax
4 first thing this morning, which frankly nobody has
5 had time to read.

6 And we are very interested in having a
7 very button-type decision that is very legally
8 solid. And that comma, that other comma, means
9 that the notice is required or any action being
10 taken by the Commission on its own motion.

11 That's our interpretation.

12 COMMISSIONER GEESMAN: Mr. Chairman, I'd
13 encourage you'd to defer to the applicant's
14 interests from a calendar standpoint without
15 getting into the question as to legal
16 interpretation.

17 I'd certainly have no reason to question
18 our counsel's interpretation, but if the applicant
19 suggested --

20 CHAIRMAN KEESE: The issue that is in
21 front of us today is here because of an abundance
22 of caution. And the applicant is suggesting a
23 little more abundance of caution.

24 MR. CHAMBERLAIN: So let me just
25 summarize, then, my understanding of where we're

1 going. You would be approving, then, the motion
2 to reconsider, which would basically take the
3 decision that was made in December off the table.
4 And you would be setting for a future date the
5 adoption of a new decision.

6 And then there would be a
7 reconsideration period and a statute of
8 limitations for litigation on that decision that
9 would start to run from that time. But it would
10 not start to run from today.

11 MR. MCKINSEY: And I would actually
12 suggest there's something you could do in the
13 alternative which makes more sense.

14 I agree that I don't think there's a
15 need to hold an additional hearing, per se,
16 either. I just think that because of the notice
17 for your intended action today went out on
18 Thursday of last week, six days ago, you should
19 simply wait until the 2nd to approve.

20 I don't think you need to necessarily
21 wait, order a reconsideration today and then
22 approve it on the 2nd. I think you can simply
23 wait until the 2nd in order to evaluate and
24 approve it.

25 And I don't think you need to hold a

1 hearing unless you choose to. You can simply, on
2 the 2nd, then take up this proposal and approve
3 it. And then you're not actually effecting
4 anything until the 2nd.

5 COMMISSIONER BOYD: Mr. Chairman, --

6 CHAIRMAN KEESE: Commissioner Boyd.

7 COMMISSIONER BOYD: -- I'm not the
8 lawyer up here, but I like that interpretation, if
9 it's --

10 CHAIRMAN KEESE: I believe the
11 suggestion is we just hold this item over till the
12 next meeting.

13 I see concurrence.

14 MR. CHAMBERLAIN: Well, I think you have
15 to take the action of agreeing to reconsider.
16 Because you only have 30 days to do that. And
17 that 30 days runs out next Monday.

18 So, there are two actions here. One is
19 the decision to reconsider. The second is what to
20 do upon reconsideration. And that's what we would
21 be putting over until the 2nd.

22 CHAIRMAN KEESE: Thank you.

23 MR. McKINSEY: That's accurate, I agree.

24 CHAIRMAN KEESE: That is the motion that
25 Mr. Boyd is going to make momentarily.

1 COMMISSIONER BOYD: I withdraw my
2 previous motion and restate --

3 CHAIRMAN KEESE: And the second. And we
4 have a motion to reconsider and to take this
5 matter up at the next meeting.

6 COMMISSIONER BOYD: That's my motion,
7 thank you.

8 COMMISSIONER GEESMAN: And that's my
9 second.

10 CHAIRMAN KEESE: And that's Commissioner
11 Geesman's second.

12 All in favor?

13 (Ayes.)

14 CHAIRMAN KEESE: Opposed? Adopted five
15 to nothing. Thank you, everybody.

16 Minutes from the December 23rd and
17 January 5th business meetings are before us.

18 COMMISSIONER BOYD: Move approval.

19 CHAIRMAN KEESE: Motion, Boyd.

20 COMMISSIONER PFANNENSTIEL: Second.

21 COMMISSIONER ROSENFELD: Second.

22 CHAIRMAN KEESE: Second, Rosenfeld.

23 All in favor?

24 (Ayes.)

25 CHAIRMAN KEESE: Opposed? Adopted five

1 to nothing.

2 Commission Committee and Oversight. I'm
3 sure I have some things, but at this late hour,
4 I'll pass on them.

5 MR. CHAMBERLAIN: I have nothing
6 further, Mr. Chairman.

7 CHAIRMAN KEESE: Executive Director's
8 Report.

9 MR. THERKELSEN: Good morning,
10 Commissioners. The budget process for 2005/2006
11 has started. As you know, the Governor has
12 released his budget, and last week we were invited
13 to give a presentation, as a member of the
14 Resources Agency, to an assembled group of
15 legislative staff on our budget.

16 Two things that I would note in terms of
17 the Governor's budget. It does increase, propose
18 an increase in the number of staff by 20 PY.
19 Eight of those positions are associated with our
20 analytical capabilities. Particularly recognizing
21 the work that we're doing with the Public
22 Utilities Commission in assisting them on
23 procurement, not only for this year, but
24 anticipating that role in the future.

25 The budget also recognizes or proposes

1 adding 12 additional positions to our research and
2 development program, recognizing the fact that we
3 have the natural gas R&D program and recognizing
4 that we need to have more people available to
5 appropriately manage the PIER program.

6 While I'm talking about R&D I would also
7 like to introduce you to Dr. Martha Krebs. Martha
8 is the individual that I have selected to head the
9 research and development division. And we're very
10 glad that Martha has joined us. She's been on the
11 job for what, a grand total of six hours or
12 something like that.

13 Anyway, Martha, if you'd like to say a
14 few words.

15 DR. KREBS: Mr. Chairman, Commissioners,
16 I'm very pleased and excited to be here and to
17 have the opportunity to work with you in leading
18 your R&D program.

19 As Bob said, I've been on the job for
20 six hours, and I think it's fair to characterize
21 my experiences drinking from a firehose, at this
22 point in time.

23 As you know, probably certainly better
24 than I, California has enormous challenges in sort
25 of bringing its energy, economic and environmental

1 future together. But I believe that your R&D
2 program has real opportunity to provide leverage
3 on that future.

4 I have, in addition to, you know, being
5 confirmed in this view for the last few hours,
6 I've also begun to get an idea about what the
7 administrative challenges are that you face, and
8 that the PIER program and the R&D program face.
9 But I've also gotten a very clear picture that
10 you've got a high technical quality and dedicated
11 staff working on the problems.

12 So, thank you for this opportunity.

13 MR. THERKELSEN: No, we very much look
14 forward to having Martha as a member of our
15 Commission management team. This is an exciting
16 thing for us.

17 The other thing that happened, in terms
18 of our budget, is our overall budget numbers
19 actually have declined by an amount of \$61
20 million. The primary reason for that decline of
21 next year's budget versus this year's is because
22 of the accelerated funding of the renewables
23 program, particularly the emerging renewables
24 program, where we have been spending more money
25 than we've been taking in on that because of the

1 huge demands for that program. So that's the
2 reason for our differential.

3 But I'll keep you informed of other
4 activities as we go through this upcoming budget
5 season.

6 CHAIRMAN KEESE: Thank you.
7 Commissioner Rosenfeld, did --

8 COMMISSIONER ROSENFELD: I just wanted
9 to welcome Martha Krebs. I started working with
10 Martha in about 1980 when she was back on the
11 staff of the House Energy and Commerce Committee.
12 I've worked with her at Lawrence Berkeley Lab.
13 I've worked with her at DOE. And I'm overjoyed at
14 the ability to see working with her for the next
15 four years. Welcome.

16 CHAIRMAN KEESE: Thank you. There is no
17 Legislative Director's report. Public Adviser's
18 Report.

19 MS. KIM: There's nothing.

20 CHAIRMAN KEESE: None.

21 Mr. Ajalony, are you hanging in there?

22 MR. AJALONY: I'm hanging in here.

23 CHAIRMAN KEESE: Okay. You got --

24 MR. AJALONY: Can you hear me well?

25 CHAIRMAN KEESE: We can hear you real

1 well.

2 MR. AJALONY: Okay, well, I'll talk a
3 little lower, then; my wife worries that I talk
4 loud.

5 Anyway, I appreciate the time,
6 Commissioners. But I don't look forward to coming
7 here in public comment, waiting a couple hours to
8 tell you my concerns.

9 And from last time, expressing my
10 concerns, I was very happy with the response.
11 Nancy was able to give me some good information.
12 I talked to her the next day and by talking to her
13 she gave me two names to talk to in regards to
14 this amendment.

15 I know one was Joe Loyer, because that's
16 who I was able to reach. There was another name;
17 I can't remember what that other name was. I
18 talked to Joe, had a good conversation with him.
19 He had a lot of questions about the area and
20 what's going on in the city. And also had another
21 gentleman on the phone with me from the community.
22 And we were being able to be very helpful towards
23 Joe.

24 I then asked for -- I sent an email to --
25 - I sent an email to Steve Munro and Chuck

1 Najarian, knowing that Steve had some personal
2 issues going on. So I sent the note saying, Steve
3 or Chuck. I said, Steve or Chuck, if Steve's out
4 of the office I'd like any data requests coming
5 from the CEC Staff in regards to this amendment.

6 And in turn, I got a response from
7 Fernando DeLeon on the 10th saying, I am in
8 receipt of your request for information. And
9 basically coming across to me like he's looking at
10 this as a Public Records Act request. And also
11 stating in there, in addition, all communications
12 and data requests regarding the Metcalf project
13 should be directed to Mr. Munro and not to
14 individual Energy Commission Staff.

15 Well, that's exactly what I did. I
16 sent the actual request to Steve Munro. So I did
17 exactly -- it's like I'm being told that I'm doing
18 something wrong when I did exactly that. I don't
19 want to go on and on, but there's more and more to
20 go here.

21 But the bottomline is I'm not being
22 treated fairly. I'm not being treated equally as
23 anyone else would be with the Commission Staff.

24 And from what I understand, I think the
25 whole bottomline is someone has started a rumor

1 that I was out to sue the CEC. First of all, I
2 don't have the time and I don't have the money to
3 go after the CEC about anything. I already have
4 told you publicly, and have admitted that I'm not
5 going to be able to stop the power plant from
6 going in. I'm just wanting it to go in according
7 to the decision that the Commissioners made.

8 So I have no intentions of suing. I'd
9 really like some kind of -- something happening so
10 I can be treated the same as anyone else. There's
11 no reason why I shouldn't be able to talk to Joe
12 Loyer or anyone else when there's issues coming up
13 with that project.

14 The last thing I want to say is I did
15 talk to Tom Glaviano, and he basically told me,
16 you know, we had a conversation because I called
17 Nancy back when I got that response from Fernando.
18 So I called Nancy just to say, hey, Nancy, I got
19 something to tell you, because Nancy says there's
20 no reason why I should be treated that way. And
21 kind of had a good conversation. I said great.

22 So when I left her -- I left her a
23 message to let her know that this is the kind of
24 response I got. She -- I didn't get a call back
25 from her, I got a call back from Tom and basically

1 we had a conversation, a nice conversation. But
2 he was -- I was telling him that I was told a long
3 time ago that I needed to -- all my conversations
4 Fernando had to be on the phone listening while
5 I'm talking to anybody in the staff or talking to
6 Steve Munro.

7 And Tom felt that that was hard to
8 believe. I said, well, why don't you find out.
9 He responded in an email, I forgot when I was told
10 I was told in writing, and he cut and pasted it,
11 and he resent it to me like agreeing that that's
12 what the CEC Staff has said, Fernando has told me.

13 I don't think that there's any reason
14 that a lawyer needs to be on the phone while I'm
15 talking to the staff or talking to someone. It's
16 not like I'm talking to them very often. I'm a
17 very busy person. I travel every week, every
18 other week, I don't have time for this.

19 CHAIRMAN KEESE: Issa, this is Chairman
20 Keese. I've read the communication; it did not
21 indicate that an attorney had to be on the call.
22 It indicated that the attorney would be aware of
23 the contacts.

24 You've suggested to this Commission, as
25 a whole, that your requests were not being

1 honored. And out of an abundance of caution
2 we've, you know, our executives have decided that
3 we will make sure you are being handled, and the
4 way to do that is that when there is
5 communication, it will be communicated to our
6 attorneys. Not that they will be on the line.
7 They'll be aware of what's going on to make sure
8 that you get fully serviced.

9 MR. AJALONY: Commissioner, I respect
10 what you're saying, but I think that's a way of
11 delaying the process.

12 CHAIRMAN KEESE: No, we're not saying --
13 this can be after the fact. It's not that the
14 attorney has to be consulted before anybody talks
15 to you.

16 MR. AJALONY: Okay, that isn't what I
17 read right here. It says, "Moreover, it is your
18 interest that he be present to hear your concerns
19 and questions when you are speaking with members
20 of our staff." That, to me, is very clear.

21 But, you know, if they want to reissue a
22 note and allow people to talk to me, because when
23 I leave a message for Nancy there's no reason why
24 Nancy shouldn't be able to call me back.

25 CHAIRMAN KEESE: I believe their

1 suggestion was that you should go through Mr.
2 Munro to make sure that -- and then you have
3 somebody who is responsible for making -- we and
4 the Commission want to make sure that your
5 concerns are being met.

6 And the best way for us is to have one
7 point of contact responsible for that.

8 Why don't we give this another try.
9 Your five minutes of public speaking are sort of
10 up.

11 MR. AJALONY: Okay.

12 CHAIRMAN KEESE: Why don't we give it
13 another try, and if it continues not to work in
14 your mind, get back to us.

15 MR. AJALONY: Okay. Can I just say one
16 thing. I don't disagree with the one person to go
17 through. All I ask is that one person would be
18 responsive.

19 See, the problem is when I go to one
20 person I don't hear for two weeks, I get
21 frustrated.

22 CHAIRMAN KEESE: Okay, well, we got the
23 message. We'll make sure that happens.

24 MR. AJALONY: I appreciate your time.
25 Thank you very much.

1 CHAIRMAN KEESE: Thank you. Bye-bye.

2 Anybody else in the audience care to

3 take advantage of the public five minutes?

4 This meeting is adjourned.

5 (Whereupon, at 12:06 p.m., the business

6 meeting was adjourned.)

7 --o0o--

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter,
do hereby certify that I am a disinterested person
herein; that I recorded the foregoing California
Energy Commission Business Meeting; that it was
thereafter transcribed into typewriting.

I further certify that I am not of
counsel or attorney for any of the parties to said
meeting, nor in any way interested in outcome of
said meeting.

IN WITNESS WHEREOF, I have hereunto set
my hand this 2nd day of February, 2005.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345□